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Saudi Arabia: Current Issues and U.S. Relations

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CONTENTS

SUMMARY

MOST RECENT DEVELOPMENTS

BACKGROUND AND ANALYSIS

Current Issues

- Reaction to September 11 Terrorist Attacks
 - Recent Allegations
 - Saudi Responses
 - Joint Congressional Report
- Security in the Gulf Region
 - Containment Policies toward Iraq
 - Post-War Iraq
 - Future U.S. Military Presence
- Bombings of U.S. Facilities
 - Riyadh, 1995
 - Khobar Towers, 1996
 - Riyadh, 2003
- Arab-Israeli Conflict
 - Crown Prince Abdullah's Peace Initiative
- Arms Transfers to Saudi Arabia
 - U.S. Arms Sales
- Trade Relationships
 - Problems in Commercial Transactions
 - Oil Production
 - Foreign Investment
- Human Rights, Democracy, and Other Issues
 - Child Custody Cases

Background to U.S.-Saudi Relations

- Political Development
 - Saudi Leadership
 - Royal Succession
- Economy and Aid
 - Economic Conditions
 - Aid Relationships
- Defense and Security

Congressional Interest in Saudi Arabia

Saudi Arabia: Current Issues and U.S. Relations

SUMMARY

Saudi Arabia, a monarchy ruled by the Saud dynasty, enjoys special importance in much of the international community because of its unique association with the Islamic religion and its oil wealth. Since the establishment of the modern Saudi kingdom in 1932, it has benefitted from a stable political system based on a smooth process of succession to the throne and a prosperous economy dominated by the oil sector. Some commentators have suggested that growing internal pressures and regional tensions may have weakened the Saudi regime in recent years; others point to an apparent consensus behind Saudi institutions over much of the last century as evidence of long-term stability.

The United States and Saudi Arabia have long-standing economic and defense ties. A series of informal agreements, statements by successive U.S. administrations, and military deployments have demonstrated a strong U.S. security commitment to Saudi Arabia. Saudi Arabia was a key member of the allied coalition that expelled Iraqi forces from Kuwait in 1991. Saudi Arabia subsequently hosted U.S. aircraft enforcing the no-fly zone over southern Iraq. Saudi officials expressed opposition to the U.S.-led military campaign launched against Iraq in March 2003 (Operation Iraqi Freedom), although Saudi Arabia reportedly permitted certain support operations by U.S. and British military forces, in addition to making some facilities available to them. By mutual agreement, the United States withdrew virtually all its forces from Saudi Arabia at the end of August 2003.

Bombing attacks against several U.S. operated installations in Saudi Arabia have raised some concerns about security of U.S. personnel and what appears to be growing anti-Americanism in some segments of the

Saudi population. Saudi Arabia convicted and executed four Saudi nationals for carrying out a bombing in 1995. After extended investigations, on June 21, 2001, a U.S. federal grand jury indicted 14 members of Middle East terrorist organizations for a bombing in 1996, but none of them is in U.S. custody. A third bombing occurred on May 12, 2003, when suicide bombers attacked three housing compounds inhabited by U.S. and other western personnel, killing an estimated 34 people including as many as eight U.S. citizens.

Since the attacks on the United States September 11, 2001, some commentators have maintained that Saudi domestic and foreign policies have created a climate that may have contributed to terrorist acts by Islamic radicals. Some go so far as to allege complicity on the part of Saudi officials in the flow of money to terrorist organizations. Saudi officials reject this viewpoint and maintain that they are working with the United States to combat terrorism. U.S. officials have cited Saudi support in the aftermath of the attacks, including intelligence sharing, law enforcement activities, and tracking of terrorist financing. In August 2003, Saudi authorities agreed to establish a joint U.S.-Saudi task force in Saudi Arabia including representatives from the U.S. Treasury Department and the FBI, to investigate sources of terrorist funding.

Other principal issues of bilateral interest include security in the post-war Gulf region, the Saudi position on the Arab-Israeli conflict, arms transfers to Saudi Arabia, Saudi external aid programs, bilateral trade relationships, and Saudi policies involving human rights and democracy.

MOST RECENT DEVELOPMENTS

On August 26, U.S. officials traveled to Saudi Arabia to work out details regarding establishment in Saudi Arabia of a joint U.S.-Saudi task force including officials from the U.S. Treasury Department and the FBI to track terrorist financing.

On August 27, a senior U.S. Air Force officer presided over a withdrawal ceremony for U.S. military personnel at Prince Sultan Air Base (PSAB), where most of the approximately 5,000 U.S. military personnel in Saudi Arabia had been stationed. News reports indicate that a small number of U.S. military training advisors will remain in Saudi Arabia.

BACKGROUND AND ANALYSIS

Current Issues

Oil and national security concerns have combined to produce a close and cooperative relationship between the United States and Saudi Arabia for much of the past century. Since the award of the first Saudi oil concession to a U.S. company in 1933, both states have had an increasing interest, respectively, in the marketing and acquisition of Saudi petroleum supplies. As regional threats multiplied in the latter half of the century, mutual concerns over the stability of Saudi Arabia and other moderate regimes in the Arabian Peninsula engendered a significant degree of defense cooperation. Saudi Arabia was a key member of the allied coalition that expelled Iraqi forces from Kuwait in 1991, and for the next 12 years it hosted more than 5,000 U.S. military personnel, most of them from U.S. Air Force units that enforce a no-fly zone over southern Iraq (Operation Southern Watch). The U.S. military presence, however, aroused resentment among many Saudis, particularly those inclined toward Islamic fundamentalism, and engendered both domestic and regional criticism of the Saudi leadership for allowing non-Muslim soldiers to be stationed in Saudi Arabia, inasmuch as the country is home to the two holiest places in the Islamic religion (the cities of Mecca and Medina). In August 2003, by mutual U.S.-Saudi agreement, almost all U.S. military personnel were withdrawn from Saudi Arabia, but the two countries will continue to conduct joint training activities and military exercises. (See below, Future U.S. Military Presence.)

Reaction to September 11 Terrorist Attacks

The September 11, 2001 attacks kindled criticisms within the United States of alleged Saudi involvement in terrorism or of Saudi laxity in acting against terrorist groups. Commentators have pointed to the high percentage of Saudi nationals among the hijackers (15 out of 19). Others maintain that Saudi domestic and foreign policies have created a climate that may have contributed to terrorist acts by Islamic radicals. For example, some believe that the Saudi regime has fostered international terrorism by funding religious schools (madrassas) that propagate extreme forms of Islam and advocate violence. Critics of Saudi policies have also cited a multiplicity of reports that the Saudi government has permitted or encouraged fund raising in Saudi Arabia by charitable Islamic groups and

foundations linked to Osama bin Laden's Al Qaeda organization, which the U.S. government has identified as clearly responsible for the hijackings. (The exiled bin Laden was formerly a Saudi national, but Saudi authorities revoked his citizenship in 1994.)

Saudi Arabia in Brief

Population (July 2003):	24,293,844 (includes 5,576,076 foreign residents); Growth rate: 3.27%
Area:	1,960,582 sq.km. (756,985 sq.mi.); just over one fifth the size of the U.S.
Ethnic Groups:	(native Saudis only) Arab 90%; Afro-Asian 10%
Religion:	(native Saudis only) Muslim 100% (Sunni 85-95%, Shi'ite 5-15%)
Literacy (2003):	78.8% (male 84.7%, female 70.8%)
GDP (2002):	\$188.2 billion; growth rate: 1.02%
External Public Debt (2002):	\$38.1 billion
Inflation (2002):	1.0%
Unemployment (2002):	25%

Sources: IMF; U.S. Dept. of Commerce; CIA World Factbook; Economist Intelligence Unit (London)

Recent Allegations. Some critics go so far as to accuse Saudi government officials of responsibility for 9/11 attacks through design or negligence and for the continuing threat posed by the perpetrators or by like-minded terrorist groups.

- In June 2002, in the course of briefing a high-level group that advises the U.S. Department of Defense, an analyst from the Rand Corporation asserted that "Saudi Arabia supports our enemies and attacks our allies" and added that "the Saudis are active at every level of the terror chain, from planners to financiers." Senior U.S. officials disassociated the U.S. Administration from these comments.¹
- In mid-August 2002, families of more than 600 victims of the September 11 attacks filed a suit for approximately \$1 trillion against three members of the Saudi royal family, a number of financial institutions and individuals, and the government of the Sudan.² The suit, which Saudi media have described as an attempt to extort Saudi deposits in the United States, alleges that the defendants enabled the September attacks to occur by making financial resources available to the perpetrators. Some Saudis have called for withdrawing Saudi investments in the United States, estimated by one media source at between \$400 and \$600 billion ("Saudis Pull Billions out of the U.S.," *London Financial Times*, August 21, 2002).

¹ U.S. Department of State, International Information Programs, Washington File, "Rumsfeld Says RAND Briefer's View on Saudi Arabia No U.S. Policy," August 6, 2002.

² A partial listing of the defendants appears in Tom Everett-Heath, "Wrong Target," *Middle East Economic Digest*, Aug. 23, 2002, p. 5. Most of the entities listed here do not appear on the E.O. 13224 listing.

- An independent task force sponsored by the Council on Foreign Relations asserted in an October 2002 report that individuals and charities in Saudi Arabia have been the most important source of funds for Al Qaeda for some years, and that “Saudi officials have turned a blind eye to the problem.” The Saudi Embassy in Washington disputed these findings, and listed several steps by the Saudi government to combat terrorist financing. (See below.)
- In November 2002, news media reported that Princess Haifa, the wife of Saudi Ambassador to the United States Prince Bandar bin Sultan, had provided funds over a four-year period to a Jordanian woman (married to a Saudi citizen) who was in need of medical treatment. The recipient, in turn, reportedly passed some of these funds to Saudi intermediaries with ties to two of the September 11 hijackers. A senior Saudi spokesman described allegations of official Saudi support to the hijackers as “outrageous,” and said the Saudi government was determined to uncover all the facts.

Saudi Responses. Saudi officials maintain that they are working closely with the United States to combat terrorism. In October 2001, the Saudi government announced that it would implement U.N. Security Council Resolution 1373, which called among other things for freezing terrorist related funds. In December 2001, the Saudi Embassy in Washington listed various measures the Saudi government had adopted to combat terrorist financing, including a requirement for all Saudi banks to have anti-money laundering units and the establishment of a program to monitor charitable organizations and bank accounts associated with prominent businessmen. After publication of the Council on Foreign Relations study in October 2002, the Saudi Embassy listed several more steps by the Saudi government to combat terrorist financing: freezing dozens of bank accounts with suspected links to terrorists; implementing U.N. Security Council resolutions related to terrorist financing; working with the United States and other countries to block over \$70 million in terrorist assets; auditing all charitable groups; adopting new guidelines to prevent terrorist use of legitimate charitable groups; requiring charities dealing outside Saudi Arabia to report their activities to the Saudi Foreign Ministry. Saudi officials say they have arrested suspected terrorists including persons believed to be affiliated with Al Qaeda and sought to dampen religious extremism in the Kingdom. In a speech to an Islamic conference on August 30, 2003, for example, Saudi King Fahd bin Abd al-Aziz condemned terrorism and exhorted Muslim clerics to emphasize peace, security, cooperation, justice, and tolerance in their sermons.

U.S. government statements have generally complimented Saudi cooperation with the U.S. campaign against terrorism, while sometimes suggesting that the Saudi government could do more. The State Department in its most recent *Patterns of Global Terrorism* report noted that Saudi authorities were putting pressure on private agencies in the Kingdom to follow existing laws governing charitable contributions — these laws had not been scrupulously enforced in the past. More recently, on November 25, 2002, State Department spokesman Richard Boucher told reporters that the Administration has “made it clear again and again we believe the Saudi response on matters involving the war on terrorism has been very strong.” He specifically cited cooperation on law enforcement, intelligence, military aspects of the war on terrorism, and measures to block terrorist financing. In this connection, according to the U.S. Treasury Department, the United States and Saudi Arabia have worked together in jointly designating several entities as supporters of terrorism. Then White House

spokesman Ari Fleischer was quoted in a *New York Times* article on November 26, 2002, as commenting that "Saudi Arabia is a good partner in the war on terrorism, but good partners can do more."

In August 2003, the United States and Saudi Arabia reached an agreement for the establishment in Saudi Arabia of a joint U.S.-Saudi task force to monitor terrorist financing. The task force, which will include between 5 and 15 representatives from the U.S. Treasury Department, the FBI, and other U.S. agencies, will screen bank accounts, computer records, and other financial data in an effort to track the flow of money to terrorist organizations and shut it off. U.S. officials left for the Saudi capital of Riyadh on August 26, to work out details regarding the task force. News articles have noted that this is the first time Saudi authorities have allowed U.S. government agencies to maintain an extended presence in Saudi Arabia or provided them with access to Saudi documents and investigations. Some speculate that the May 2003 bombings of three residential compounds in Riyadh in which 34 people died, including eight Americans and seven Saudis, may have impelled Saudi authorities to expand cooperation with the United States in fighting terrorism ("U.S.-Saudi Anti-Terror Operation Planned," *Washington Post*, August 26, 2003).

Joint Congressional Report. On July 24, 2003, the House and Senate Intelligence Committees released part of a 900-page report entitled Joint Inquiry into Intelligence Community Actions before and after the Terrorist Attacks of September 11, 2001 (S.Rept. 107-351; H.Rept. 107-792). The Bush Administration refused to allow the release of an approximately 28-page section of the report. According to press articles, persons who claim to have read the still-classified section of the report say it covers Saudi links with individuals involved in the September 11 attacks; specifically, the classified section reportedly states that senior Saudi officials channeled hundreds of millions of dollars to charitable groups that may have helped fund the attacks.³ Saudi officials, including the Saudi Ambassador to the United States, have denounced the report, maintaining that "Al Qaeda is a cult seeking to destroy Saudi Arabia as well as the United States. By what logic would we support a cult that is trying to kill us?" On July 29, in response to an urgent request from Saudi Arabia, President Bush met with Saudi Foreign Minister Saud al-Faysal, who called for the release of the still-classified section of the report to enable Saudi Arabia to rebut the allegations contained therein. President Bush refused to do so on the grounds that disclosure could reveal intelligence sources and methods to enemies of the United States and might compromise the on-going investigation of the 9/11 attacks.⁴

Some Members of Congress have also requested release of the classified section, some expressing concern that the Administration is trying to avoid revealing information that might embarrass the Saudi government. One Member wrote the Saudi Ambassador to the United States, asking that Saudi Minister of the Interior Prince Nayif be replaced for failing to stop the flow of funds to terrorist groups.⁵ At a hearing on July 31, two Senators asked the U.S. Treasury Department for a list of Saudi organizations that had been investigated by the Treasury Department but not publicly named as terrorist entities. Despite an initial

³ "Classified Section of Sept. 11 Report Faults Saudi Rulers," *New York Times*, July 26, 2003.

⁴ "Bush Refuses to Declassify Saudi Section of Report," *New York Times*, July 30, 2003.

⁵ "Senators Push Saudi Arabia to Improve Antiterrorism Efforts," *New York Times*, August 1, 2003.

response by a Treasury Department official that the list is not classified and could be turned over to the Senate Government Affairs Committee, a Treasury Department spokesman subsequently stated that the requested information “relates to ongoing U.S. government efforts to disrupt terrorist financing,” and went on to say that “[p]ublic disclosure at this time would frustrate those efforts.” (“Treasury Dept. to Refuse Senate a List of Saudi Suspects,” *New York Times*, August 5, 2003.)

Security in the Gulf Region

The Saudi regime, like other Persian Gulf monarchies, has long been concerned over potential threats from Iraq and Iran. Despite 12 years of international sanctions against Iraq, Saudi leaders felt ill prepared to confront Iraq’s larger armed forces and weapons inventories, although the U.S. occupation of Iraq in April 2003 may have altered their perceptions. Although relations with Iran have improved, the Saudi leadership remains wary of the Shi’ite Muslim clerical regime that has governed Iran since 1979 and concerned over Iran’s pursuit of advanced conventional arms and weapons of mass destruction. On the other hand, while welcoming a U.S. security umbrella, Saudi leaders have become increasingly vulnerable to domestic and regional criticism for appearing to side with the United States against fellow Arab and Muslim regimes.

Containment Policies toward Iraq. Between the Gulf War of 1991 and Operation Iraqi Freedom in 2003, Saudi Arabia hosted U.S. Air Force units that conducted overflights to enforce a no-fly zone over southern Iraq (Operation Southern Watch). Although they did not usually object to small scale U.S. responses to Iraqi aircraft or air defense units challenging allied aircraft conducting these overflights, Saudi authorities were opposed to large-scale allied military action against Iraqi targets. On several occasions, Saudi Minister of Defense Prince Sultan said his country would not permit allied aircraft to launch preemptive or major retaliatory campaigns against Iraq from bases in Saudi Arabia.

In the aftermath of the September 2001 terrorist attacks, Saudi authorities expressed concern over any expansion of the U.S. campaign against terrorism to Iraq or Iran. In comments published on August 7, 2002, Saudi Foreign Minister Prince Saud al-Faysal reiterated this position, and said the Saudi government does not want allied forces “to use Saudi grounds” for any attack on Iraq. Subsequent press reports continued to quote ambiguous and sometimes apparently contradictory statements by Saudi officials regarding allied use of Saudi air bases in the event of a war with Iraq. On January 7, 2003, the Saudi Foreign Minister told reporters that “[i]f the United Nations asks Saudi Arabia to join, depending on the material breach [of Iraqi commitments] that they show and depending on the proof that they show, Saudi Arabia will decide.” On March 19, 2003, the day that President Bush initiated the U.S.-led military campaign against Iraq, a communique read by Crown Prince Abdullah in the name of the ailing King Fahd stated that Saudi Arabia “Will not participate in any way” in a war against Iraq. Also, on April 1, Saudi Foreign Minister Saud al-Faysal implied that Saddam Hussein should step down, saying that “Mr. Saddam Hussein has asked his people to sacrifice for their country, and if the only thing that keeps the conflict going is his presence, then he should listen to his own advice.”

A number of news reports, however, indicated that Saudi Arabia informally agreed to provide logistical support to U.S.-led forces: permission to conduct refueling, reconnaissance, surveillance, and transport missions from bases in Saudi Arabia; landing and

overflight clearances; and use of a U.S.-built facility in Saudi Arabia known as the Combat Air Operations Center (CAOC) to coordinate military operations in the region. (See, for example, “U.S. And Saudis Agree On Cooperation,” *Washington Post*, February 26, 2003.) Also, on March 8, Saudi Defense Minister Prince Sultan bin Abd al-Aziz said his government was allowing U.S. troops to use two airports in northern Saudi Arabia for “help in a technical matter.” Meanwhile, on March 5, 2003, Saudi Arabia dispatched over 1,000 troops to Kuwait, where they formed part of a joint umbrella force from several Gulf countries to help protect Kuwait but did not have an offensive role against Iraq.

Post-War Iraq. In late August 2003, a senior State Department official commented that pro-Saddam Arab volunteer fighters have been infiltrating into Iraq through Iran, Syria, and Saudi Arabia to mount attacks against U.S.-led coalition forces in Iraq. In remarks published on August 26, a senior Saudi foreign policy advisor responded that “we have no evidence of Saudis crossing into Iraq and we have received no evidence from the U.S. government.” (“Saudis Challenge U.S. Over Iraq Fighters,” *Washington Post*, August 26, 2003.)

Future U.S. Military Presence. Following the collapse of the Saddam Hussein regime, the *New York Times* reported on April 30, 2003, that U.S. authorities planned to withdraw almost all of its 5,000 troops in Saudi Arabia, leaving only a small contingent of U.S. military personnel to conduct a long-standing training mission in Saudi Arabia. The paper also quoted military officials as saying that in line with these withdrawals, the United States planned to move its Combat Air Operations Center to neighboring Qatar. Following the bombing of U.S. and other western-inhabited housing compounds in Saudi Arabia on May 12 (see below), Secretary Rumsfeld announced that the terrorist attack had not changed U.S. withdrawal plans: “We do plan to draw down almost all these forces [in Saudi Arabia] and maintain a relationship in training and exercises....” On August 27, U.S. Air Force General Robert J. Elder presided over a deactivation ceremony for the 363rd Air Expeditionary Wing at Prince Sultan Air Base (PSAB), where most of the approximately 5,000 U.S. military personnel in Saudi Arabia had been stationed. A U.S. Air Force spokesman said that following the U.S. withdrawal, approximately 200 U.S. personnel, mainly engineers and security personnel, remained at PSAB to assist in turning over the facility to Saudi Arabia. An unnamed U.S. Defense official said several dozen U.S. military advisors would remain in Saudi Arabia to conduct training activities for Saudi forces. (*Reuters News Wire*, August 27, 2003.)

Bombings of U.S. Facilities

Three attacks on U.S. military facilities in Saudi Arabia since the mid-1990s created concern in the United States over the security of U.S. military personnel stationed in the Persian Gulf area.

Riyadh, 1995. The first attack, which occurred on November 13, 1995, at the headquarters of a U.S. training program for the Saudi National Guard in the capital of Riyadh, killed seven persons (including five U.S. citizens). Several months later, Saudi authorities charged four Saudis with the crime. The four, who confessed to being influenced by Islamic fundamentalist exiles, were convicted and executed.

Khobar Towers, 1996. The second and more lethal explosion, which occurred at Khobar Towers (a housing facility for U.S. Air Force personnel near Dhahran Air Base) in June 1996, killed 19 U.S. Air Force personnel, wounded many others, and prompted the relocation of most U.S. military personnel to more remote sites in Saudi Arabia to improve security. Press reports allegedly based on Saudi investigations and reported statements by other suspects have suggested involvement by Iran, but Saudi officials have called these reports inaccurate. Earlier reports had suggested involvement by exiled Saudi terrorist Osama bin Laden, who praised the bombings in Saudi Arabia but did not claim responsibility for them. On May 22, 1998, Saudi Minister of Interior Prince Nayif told reporters from Kuwait that the Riyadh and Khobar bombings “were carried out by Saudis with the support of others” (whom he did not identify). The Minister further stated in November that bin Laden was not responsible for either the Riyadh or the Khobar bombings but acknowledged that individuals influenced by bin Laden might have conducted the attacks.

In September 1999, media cited purported U.S. intelligence information that three Saudi men linked to the bombing had taken refuge in Iran. On October 2, 1999, Iran’s foreign minister rebuffed an alleged request from President Clinton to Iranian President Khatemi for Iranian assistance in resolving the case. Asked on March 12, 2000, if any suspects in the Khobar case were currently in Iran, Prince Nayif told reporters that “we cannot hold anyone responsible until the facts become clear to us.” Later, on October 30, 2000, he commented that “[t]he main suspects are not in Saudi Arabia” and added that “[w]e are making efforts for their return to the kingdom.” There have been numerous reports, denied by both the U.S. and Saudi governments, that both governments fear that a finding of Iranian involvement could complicate relations with Iran or force U.S. retaliation against Iran.

On June 21, 2001, U.S. Attorney General John Ashcroft announced that a federal grand jury had indicted 14 individuals in connection with the Khobar Towers bombing. According to the Justice Department, 13 of those indicted belong to the pro-Iranian Saudi Hizballah organization and the 14th is linked to the Lebanese Hizballah organization. (Saudi Hizballah appears to be a chapter of the parent Hizballah organization in Lebanon.) According to the press, none of the persons indicted is in U.S. custody at this time; 11 of them are in Saudi jails. Although no Iranian is named or charged in the indictment, Ashcroft said “[t]he indictment explains that elements of the Iranian government inspired, supported and supervised members of Saudi Hizballah [variant spelling]. In particular, the indictment alleges that the charged defendants reported their surveillance activities to Iranian officials and were supported and directed in those activities by Iranian officials.” Ashcroft said the investigation is continuing and additional charges will be brought, as appropriate.

During the investigation, U.S. law enforcement officials criticized Saudi counterparts for not providing U.S. investigators with access to suspects in the Khobar bombing. According to a May 14, 2001 article in *The New Yorker* and other media reports, starting in late 1998, Saudi officials began allowing FBI agents to watch behind a one-way mirror as Saudi interrogators posed questions provided by the FBI to suspects and witnesses. In a phone call on June 21, 2001 — the day the indictments were announced — President Bush thanked Saudi Crown Prince Abdullah for Saudi cooperation in the investigation. The FBI Director also expressed his appreciation, along with his hopes that the suspects would be brought to justice in the United States. In an interview published on June 23, however, Saudi Interior Minister Prince Nayif appeared to rule out extradition of the suspects to the United

States, stating that “[t]he trials must take place before Saudi judicial authorities....” He added that “[n]o other entity has the right to try or investigate any crimes occurring on Saudi lands.”

On June 1, 2002, Saudi Deputy Minister of the Interior Prince Ahmad said an unspecified number of people previously arrested by Saudi Arabia in connection with the Khobar bombing had been sentenced by an Islamic court. In a follow-up announcement on June 13, the Prince said those convicted “do not include any non-Saudi nationals” and added that the verdicts would be reviewed by higher courts and announced “at the appropriate time.”

Riyadh, 2003. Three near-simultaneous suicide bombings at about 11:20 p.m. on May 12, 2003, destroyed three housing compounds in Riyadh, Saudi Arabia, inhabited by U.S. military personnel and other foreign residents in Riyadh. According to reports, as many as 34 people were killed, including eight Americans, seven Saudis, two Jordanians, two Filipinos, one Lebanese, one Swiss and nine unidentified persons (possibly including the perpetrators), while many more were wounded. A fourth explosion occurred the following morning at the headquarters of a U.S.-Saudi joint venture, but there were no reported injuries. A military officer at the Vinnell compound, which houses U.S. contractor personnel on a training project for the Saudi National Guard, said the truck that hit the compound apparently contained 400 pounds of an explosive like RDX or Semtex. U.S. and Saudi officials said the attacks had many of the earmarks of previous Al Qaeda operations in their coordinated timing and in their techniques, in that the assailants attacked guards at the compound gates and then drove their trucks into the compounds. The attacks occurred a week after a group of militants exchanged fire with Saudi security forces, who subsequently found caches of weapons and money, and about two weeks after the State Department issued a warning that the terrorists might be planning attacks on U.S. targets in Saudi Arabia.

President Bush condemned the attack, which he linked to Al Qaeda, vowed to find the killers, and went on to say that “they will learn the meaning of American justice.”⁶ Top Saudi leaders, including Crown Prince Abdullah and Defense Minister Prince Sultan, also condemned the attacks, and some commentators expressed the view that the attacks were targeted against the Saudi government as well. On May 14, the U.S. ambassador to Saudi Arabia told media that Saudi authorities had not responded to a prior urgent U.S. request to bolster security at entrances to residential compounds inhabited by U.S. and western European nationals; some U.S. officials reportedly said there had been a total of five U.S. requests during the previous months for enhanced security but not all these requests had mentioned specific sites that U.S. officials wanted to be guarded.

Saudi Foreign Minister Saud al-Faysal disagreed with the allegations, saying that his government consistently fulfills requests from foreign embassies for enhanced security. Saudi Ambassador to the United States Prince Bandar bin Sultan told ABC’s “Good Morning America” that “[t]here is no 100 percent security when a determined, crazy evil person is determined to die” but indicated that Saudi Arabia would pursue the perpetrators and bring them to justice. In the meantime, a U.S. interagency team including six FBI representatives left on May 13 for Saudi Arabia to assist in investigating the attack. Amid some debate over the degree of cooperation the United States has received from Saudi counterparts in such

⁶ “Bush Vows ‘American Justice’ For Bombers in Saudi Arabia,” *Washington Post*, May 14, 2003.

investigations, FBI Director Robert Mueller, saying during an interview on May 13 that “[m]y expectation is that we will get full cooperation from the Saudis.”

On June 26, U.S. and Saudi officials reportedly announced that Saudi authorities had apprehended Ali Aburahman Gamdi, an Al Qaeda figure believed to have played a key role in the May 12 bombing. (“Al Qaeda Figure Held in Saudi Arabia,” *Washington Post*, June 27, 2003.) According to the report, Gamdi is the first to be arrested from a group of 19 believed by Saudi authorities to have been responsible for the bombings, but other terrorist suspects have been arrested as well. The top advisor to Saudi Crown Prince Abdullah noted reports of Al Qaeda members hiding in Iran and said the Saudis have asked the Iranians to extradite any Saudis implicated in terrorist acts. He went on to note that Iran has extradited Al Qaeda suspects in the past to Saudi Arabia. A news article of July 22, quoting a Saudi Ministry of Interior source, reported the arrest of 16 persons said to be influenced by “extremist ideas,” bringing the total number of persons arrested in Saudi Arabia on terrorist charges since May 17 to 140.

Arab-Israeli Conflict

Saudi Arabia supports Palestinian aspirations and strongly endorses Muslim claims in the old city of Jerusalem. At the same time, it has supported U.S. policy by endorsing Israeli-Palestinian peace agreements, and joined with neighboring Gulf states in 1994 in terminating enforcement of the so-called secondary and tertiary (indirect) boycotts of Israel while retaining the primary (direct) boycott. Saudi leaders have been increasingly critical of Israel since the Palestinian uprising began in September 2000. According to a *New York Times* article of May 17, 2001, Crown Prince Abdullah declined an invitation to visit the United States in June 2001, to indicate displeasure over what Saudis regard as insufficient U.S. efforts to restrain Israeli military actions against Palestinians. However, the Crown Prince did accept a subsequent invitation to visit President Bush in Texas in April 2002 (see below).

Saudi Arabia, like other Arab states, recognizes the Palestine Liberation Organization (PLO) as the legitimate representative of the Palestinian people and provides some financial support to Palestinian institutions. At an Arab League meeting on October 22, 2000, Crown Prince Abdullah took the lead in creating a \$1 billion fund: \$800 million to help preserve the “Arab and Islamic identity of Jerusalem” and \$200 million to help families of Palestinians killed in the current unrest. Saudi Arabia reportedly pledged a total of \$250 million to these two funds, and provided an additional \$30 million to the Palestinian Authority (PA) on November 5 as a separate donation. At an informal international donors’ conference at Stockholm on April 11, 2001, Saudi Arabia pledged \$225 million in direct monetary support to the PA over a 6-month period to cover emergency expenses. PLO/PA Chairman Yasir Arafat received a \$45 million grant during a visit to Saudi Arabia on July 23, 2001, but it is not clear whether this represented part of the \$225 million grant pledged by Saudi Arabia in April.

There have been unsubstantiated reports of Saudi assistance to the PLO’s rival organization, the fundamentalist Hamas, particularly after the Saudi-PLO rift that occurred when the PLO supported Iraq in 1990. In its report entitled *Patterns of Global Terrorism*, 2001, the State Department noted that Hamas receives funding from “private benefactors in Saudi Arabia” and some other countries but does not estimate amounts involved. Saudi Arabia has provided aid (variously estimated at \$33 million and \$59 million) to families of

Palestinians killed or injured in the 17-month-old Palestinian uprising; in addition, Saudis raised additional funds (over \$100 million according to one report) for this purpose at a telethon sponsored by King Fahd on April 11, 2002. Saudi officials told U.S. counterparts in late April 2002 that proceeds of the telethon are funneled through non-governmental organizations to provide some humanitarian support to needy Palestinian families; the Saudis drew a distinction between their fund raising activities and those of Iraq, which pays families who will sacrifice their children as suicide bombers. In May 2002, Israel officials, citing captured Palestinian documents, said the Saudi government has given money to 13 charities, seven of which provide support to Hamas. The Saudi Ambassador denied this report.

Crown Prince Abdullah's Peace Initiative. In February 2002, Crown Prince Abdullah informally floated a peace proposal calling for full Israeli withdrawal from Israeli occupied territories in return for full normalization of relations between Arab states and Israel. An expanded version of his proposal was adopted at an Arab League summit conference held on March 27-28, 2002. It called among other things for Israeli withdrawal from territories it had occupied since 1967, a "just solution to the problem of Palestinian refugees," and establishment of normal relations between Arab states and Israel. Some commentators believe the prince's comments represented nothing new over and above long-standing Arab land-for-peace proposals. Other commentators thought that such comments from an Arab leader of Abdullah's stature carried special weight and could portend a breakthrough in Arab-Israeli peace negotiations.

The Saudi-initiated peace proposal was also a major topic of discussion during Crown Prince Abdullah's visit to President Bush at the latter's ranch in Texas on April 25, 2002. A senior Administration official told reporters that "[t]he President congratulated him [Abdullah] again on his statesmanship in putting the [initiative] forward." According to White House spokesman Ari Fleischer, there are areas of disagreement between U.S. and Saudi peace plans but significant areas of overlap as well.

Saudi officials found "positive factors" in President Bush's speech of June 24, 2002 on Middle East peace proposals, but expressed concern over his statements conditioning a Palestinian state on the installation of a new Palestinian leadership. A statement by the Saudi cabinet on July 1 alluded to "the positive elements of the Bush initiative," but on the same day Crown Prince Abdullah was quoted as telling the visiting Spanish Defense Minister that the Palestinian people "alone have the right to choose their leadership."

Arms Transfers to Saudi Arabia

U.S. Arms Sales. The United States is currently Saudi Arabia's leading arms supplier. Total value of arms agreements with Saudi Arabia from 1950 through March 31, 1997, was \$93.8 billion, while arms agreements with Saudi Arabia from 1994 through 2001 amounted to \$4.6 billion. The upsurge in Saudi arms purchases from the United States after 1990 was due in large measure to the Persian Gulf crisis and its aftermath. The largest recent sale was a \$9 billion contract for 72 F-15S advanced fighter aircraft, signed in May 1993. As **Table 1** shows, approximately 21% of the value of U.S.-Saudi arms contracts from 1950 to 1997 were for lethal equipment (i.e., weapons, ammunition, and combat vehicles, aircraft, and ships); the largest portion (32%) went for support services (repair, rehabilitation, supply operations, and training). Another major component of the Saudi program has been construction of military bases and facilities, accounting for 19%, although most military

infrastructure projects were completed by 1990. A downward trend has marked Saudi arms procurement since the mid-1990s as Saudi Arabia completed many of its post-Gulf War purchases and the country faced straitened finances.

Table 1. U.S. Arms Transfers to Saudi Arabia, 1950-1997

Category	Orders		Deliveries	
	\$ in Billions	% of Total Orders	\$ in Billions	% of Total Deliveries
Weapons & Ammunition	19.893	21.2	9.092	15.6
Support Equipment	16.614	17.7	9.815	16.8
Spare Parts & Modifications	9.778	10.4	5.259	9.0
Supply, Repair, Training	29.615	31.6	17.804	30.6
Construction	17.924	19.1	16.197	27.8
TOTALS	93.824	—	58.167	—

Source: DOD. All figures are current through March 31, 1997, which is latest detailed data available. U.S. arms *ordered* by Saudi Arabia from 1998 through 2001 amounted to \$600 *million* (considerably lower than in previous years), while U.S. arms *delivered* to Saudi Arabia during the same period amounted to \$12.8 *billion*, reflecting earlier orders.

Trade Relationships

Saudi Arabia was the second largest U.S. trading partner in the Middle East in 2002. For that year, Saudi exports to the United States were estimated at \$12.2 billion and imports from the United States at \$4.3 billion. Comparable figures for Israel, the largest U.S. trading partner in the Middle East, were \$12.4 billion in exports and \$5.3 billion in imports. To a considerable extent, this high volume of trade is a result of U.S. oil imports from Saudi Arabia and U.S. arms exports to that country. The Saudis buy significant amounts of U.S. commercial equipment, such as machinery and vehicles, as well.

Saudi Arabia has applied to join the 128-member World Trade Organization (WTO) as a developing country, an arrangement that would give it a special transition period to bring its commercial procedures in line with WTO rules. The U.S. State Department notes that accession will require the Saudi government to initiate substantial reforms, including tariff reduction, opening up financial services (insurance and banking), allowing competition in telecommunications and other services, and better protection of intellectual property rights. In recognition of its progress in protection of intellectual property rights, Saudi Arabia was removed from the U.S. Trade Representative's Priority Watch List in 1996, but remains on the basic Watch List pending further progress. The U.S. Trade Representative reportedly has also cited Saudi observance of the secondary boycott against Israel as an obstacle to admission to the WTO. In March 2001, WTO officials reportedly expressed disappointment over a recent list issued by the Saudi government of activities off limits to foreign investment (see below) and predicted that these restrictions could delay Saudi accession to the WTO. During Crown Prince Abdullah's April 2002 visit, however, President Bush expressed

support for Saudi accession and said the United States is making technical assistance available to Saudi Arabia to support the Saudi application.⁷

Problems in Commercial Transactions. Complaints have arisen within the U.S. business community over commercial disputes that have resulted in hardships for U.S. companies doing business in Saudi Arabia and for their employees. These disputes center on allegations by U.S. firms that Saudi clients have not paid for services rendered or have sought to expand terms of a contract without further reimbursement, and in some cases have taken reprisals against U.S. employees of the firms involved. (For further information, see CRS Report 95-666, *Saudi Arabia: Commercial Disputes With U.S. Firms.*)

Oil Production. With the world's largest proven oil reserves (estimated at 261.7 billion barrels in January 2001), Saudi Arabia produced an average of 9.4 million barrels per day (bpd) of crude oil as of May 2003. Approximately 13.46% of U.S. oil imports and 7.85% of total U.S. oil consumption came from Saudi Arabia during 2002. Formerly the largest foreign supplier of oil to the United States, Saudi Arabia has been exceeded in this role by Venezuela and/or Canada during recent years (see **Table 2**). In recent years, Saudi Arabia has alternately supported cuts and increases in production as oil prices on the international market have fluctuated. Under a "gentlemen's agreement" reached in June 2000, members of the Organization of Petroleum Exporting Countries (OPEC) established a mechanism to adjust the supply of oil by 500,000 bpd if the 20-day average price of oil moved outside a \$22 to \$28 price band. Members disagree, however, as to whether this mechanism is automatic or requires separate action by OPEC to implement, and Saudi Arabia has spoken of a target price of \$25 rather than a price band. Congress has approved legislation to discourage price fixing by oil producing countries (see below). Following a prolonged strike by oil workers in Venezuela and as the likelihood of war with Iraq increased in early 2003, OPEC members agreed on January 12, 2003, to raise their quotas by 1.5 million barrels per day to offset a possible shortfall in oil supply, a move reportedly spearheaded by Saudi Arabia.

Table 2. Oil Consumption and Imports
(in millions of barrels per day)

Category	1999	2000	2001	2002
Total U.S. Consumption	19.519	19.701	19.649	19.761
Total U.S. Imports	10.852	11.459	11.871	11.530
Imports from Saudi Arabia	1.478	1.572	1.662	1.552
Imports from Venezuela	1.493	1.546	1.553	1.398
Imports from Canada	1.539	1.807	1.828	1.971

Source: DOE.

Foreign Investment. Saudi leaders have shown increasing interest in attracting foreign investment in their energy sector, although projects in upstream oil apparently remain off limits. On April 10, 2000, King Fahd approved a new foreign investment law that allows

⁷ U.S. Dept. of State, International Information Programs, Washington File, "White House Says Bush, Crown Prince Reaffirm U.S.-Saudi Ties," April 26, 2002.

international investors to have full ownership of projects and related property in Saudi Arabia, reduces taxes from 45% to 30% on corporate profits, and restructures (but apparently does not abolish) requirements for foreign businessmen to have a Saudi sponsor. On February 11, 2001, the Saudi Supreme Economic Council issued a so-called “negative list” of those investment activities that remain off limits to foreign investment. In general, the list covers oil exploration and production, some manufacturing activities, radio and telecommunications, transport, electricity transmission and distribution, and a range of services including tourism, publishing, real estate brokerage, and insurance. According to news reports in March 2001, international trade officials expressed disappointment over the length and scope of the list. The list will be reviewed annually, however, and some observers have speculated that it will be shortened as the country adjusts to an expansion in foreign investment. In a later development, according to a news report in April 2002, Saudi officials are considering a draft law that would tax the earnings of expatriate employees in Saudi Arabia for the first time since the 1970s, in addition to the annual corporate taxes already levied on foreign firms operating in Saudi Arabia.

On June 3, 2001, Saudi Arabia signed three preliminary agreements worth approximately \$25 billion with eight international oil companies to develop three natural gas fields, together with related power plants, transmission pipelines, and water desalinization projects. Five of these companies are U.S.-based, including Exxon Mobil Corporation, Conoco, Phillips Petroleum Company, Occidental Petroleum Corporation, and Marathon. Exxon Mobil is the lead manager for two of the three gas field projects. Conclusion of final agreements met continuing delays as Saudi and company negotiators tried to resolve several issues, including taxes, rate of return on investments, and size of gas reserves being offered. Some think the 9/11 attacks, which led to increased criticism in the United States of alleged Saudi links with terrorism, were another factor in delaying final agreement on gas ventures. (*Middle East Economic Digest [MEED]*, June 27, 2003, p. 5). According to the MEED article, in January 2003, Foreign Minister Prince Saud reportedly said that one of the ventures headed by Exxon/Mobil had been suspended, although the article did not cite a specific reason. On June 6, the *Washington Post*, citing energy sources, reported that Saudi authorities had terminated the other Exxon/Mobil-led venture.

With the apparent collapse of the three original gas ventures, Saudi officials began to pursue a different approach based on a process of “unbundling,” which would involve smaller, less ambitious projects of more limited scope. Royal Dutch/Shell, which was to head one of the three original projects, announced on July 16, 2003, that in conjunction with TotalFina it had agreed with Saudi officials on a scaled-down venture involving only gas exploration and not production. A press article estimated the value of the revised venture at \$2 billion, in comparison to \$5 billion for the original project Shell had planned to head. On July 22, the Saudi Oil Ministry sponsored a conference attended by 41 international energy companies at which Saudi officials presented contract terms for three smaller gas projects. Oil Minister Ali Naimi said an auction would be held in the first quarter of 2004.

Human Rights, Democracy, and Other Issues

Of particular concern to Westerners are pervasive restrictions on women’s activities and an injunction against the practice of other religions throughout the Kingdom. This injunction has been applied not only against non-Islamic faiths but also at times against the Shi’ite Muslim community in Saudi Arabia, estimated at 500,000 or more persons mainly in the

Eastern Province. Since 1990, the Saudi government has moved quietly to ease some restrictions on Shi'ites. A petition presented by Saudi Shi'ite representatives was followed by an audience with Saudi Crown Prince Abdullah on April 30, 2003, indicating that both the government and the Shi'ite petitioners may be seeking to pursue a more cooperative approach. Also, according to the State Department, high-level Saudi officials have said that Saudi policy allows for private non-Muslim worship, for example, in private homes or secluded compounds; however, in its annual report on human rights practices, published on March 31, 2003, the State Department notes that Saudi guidelines do not make a clear distinction between what constitutes private worship and public worship.

Political reforms promulgated by King Fahd in the early 1990s appear to represent a limited move toward democracy and protection of individual freedoms. The "main law" announced by the King on March 1, 1992, bans arbitrary arrest, harassment, or entry of individual homes without legal authority and specifies privacy in telephone calls and mail. On August 20, 1993, the King appointed a 60-member consultative council (increased to 90 in 1997 and to 120 in 2001), with limited powers to question cabinet members and propose laws. On the other hand, King Fahd has said that free elections are not suitable for his country; he stated on March 30, 1992 that elections "do not fall within the sphere of the Muslim religion, which believes in the al-Shura (consultative) system and openness between ruler and his subjects and which makes whoever is in charge fully answerable to his people." According to press reports in January 2003, Crown Prince Abdullah has proposed an "Arab Charter" advocating internal reforms, increased political participation, regional economic integration, and mutual security measures.

Child Custody Cases. Child custody cases in which a Saudi husband has refused to permit his children by an American wife to travel to the United States have been a source of U.S.-Saudi friction. Under Saudi laws the father is almost always given custody of children in divorce cases; moreover, in some instances where a wife secured child custody in the United States, an estranged Saudi husband has abducted the children from the United States and taken them to Saudi Arabia, where his claim is usually upheld. Members of Congress have criticized the U.S. State Department for not exerting more pressure on Saudi Arabia to resolve these cases. State Department officials say they have tried to do so, and point out that there are approximately 1,100 such cases world wide, of which 92 involve U.S. citizens in Saudi Arabia. According to September 2002 press reports, Saudi and U.S. officials have agreed to work on establishing a mechanism to help resolve these issues.

Background to U.S.-Saudi Relations

Political Development

Saudi Leadership. As the birthplace of the Islamic religion in 622 A.D. and as the home of Islam's two holiest shrines (the cities of Mecca and Medina), the Arabian Peninsula has always occupied a position of special prestige within the Middle East. With the establishment of Arab empires based in Damascus and Baghdad, the peninsula gradually lost its political importance and sank into disunity. In the 16th century, much of the Arabian Peninsula came under the nominal rule of the Ottoman Empire; however, tribal leaders effectively controlled most of the region. During this period, an alliance developed between

an influential eastern tribe, the House of Saud, and the leaders of a puritanical and reformist Islamic group known as the Wahhabi movement. During the first quarter of the 20th century, a chieftain of the Saud family, Abd al-Aziz ibn Abd al-Rahman (later known as Ibn Saud) overcame numerous rivals with the support of his Wahhabi allies and succeeded in unifying most of the Arabian Peninsula under his rule. Four sons have succeeded him.

Royal Succession. King Fahd, the current ruler and a dynamic leader for many years, is approximately 80 years old and suffers from medical problems including diabetes and arthritis. In early 1996, King Fahd temporarily turned over affairs of state to his half-brother, Crown Prince Abdullah, for a six-week period while the King recuperated from a stroke. More recently, amid conflicting reports about the King's condition, Crown Prince Abdullah has increasingly carried out many governmental functions since 1996, together with other senior princes of the royal family. Another key figure is Defense Minister Prince Sultan, a full brother of King Fahd, who is generally considered next in line of succession after Prince Abdullah. (King Fahd, Prince Abdullah, and Prince Sultan also hold the positions of Prime Minister, First Deputy Prime Minister, and Second Deputy Prime Minister, respectively.) Press reports in August and September 2002 indicate that King Fahd's health has been deteriorating.

Most commentators believe the royal family would back Crown Prince Abdullah in a smooth transfer of power if King Fahd should pass from the scene. Various sources describe Prince Abdullah as more traditional and less western in outlook than King Fahd and more oriented toward the Arab world. On balance, the Crown Prince seems likely to maintain Saudi Arabia's long-standing strategic and economic ties with the United States. U.S. officials commented that President Bush and Crown Prince Abdullah established a very good personal rapport during the latter's visit in April 2002. Some speculate, however, that succession could become more intricate after Abdullah (who is only two years younger than Fahd but believed to be in better health) and fear that future intra-family rivalries could weaken the Saud dynasty over the long term. Possible future candidates include some 25 brothers and half-brothers of King Fahd and a number of sons and nephews.

Economy and Aid

Economic Conditions. Oil is the dominant factor in the Saudi economy, accounting for 35-40% of GDP, 75% of budget receipts, and 90-95% of export earnings as of 2001; even more of the GDP is derived indirectly from the oil industry. Despite immense oil revenue, a combination of fluctuating oil prices, domestic welfare spending, and military spending have caused periodic budget deficits. For example, the 1990-1991 Gulf war cost Saudi Arabia approximately \$55 billion (including \$16.9 billion contributed to the United States to help defray expenses). Although the government was able to retire its external debt in May 1995, it had to borrow \$4.3 billion again from external sources in December 1997 to finance purchase of aircraft and had to resort to subsequent borrowing from both external and domestic creditors to cover other expenses. Budget deficits were \$6.7 billion and \$5.6 billion in 2001 and 2002, respectively, and are forecast to be \$9.7 billion in 2003. Since 1994 the government has instituted various austerity measures to deal with shrinking revenue.

Aid Relationships. As Saudi oil income expanded, U.S. economic aid ended in 1959. Small amounts of aid continued through 1975, limited to a small international military

education and training (IMET) program after 1968. Total U.S. aid to Saudi Arabia from 1946 through its termination in 1975 amounted to \$328.4 million, of which \$295.8 million was military and \$32.6 million was economic assistance. Approximately 20% of total aid was in the form of grants and 80% in loans, all of which have been repaid. A small IMET program of \$25,000 per year to help defray some expenses of sending Saudi officers to U.S. military service schools was resumed in FY2002, and the same amount was requested by the Administration for Saudi Arabia in FY2003. Saudi officials also cite their country's role as a donor of aid to less affluent countries; according to a Saudi diplomat, the Saudi government extended \$820.3 million worth of aid to developing countries in 2001.

Defense and Security

The United States and Saudi Arabia are not linked by a formal defense treaty; however, a series of informal agreements, statements by successive U.S. Administrations, and military deployments have demonstrated a strong U.S. security commitment to Saudi Arabia. (For statements by previous administrations, see CRS Report 94-78, *Saudi Arabia: U.S. Defense and Security Commitments*, February 3, 1994.) Saudi forces acquired experience during the Gulf war and are undergoing further upgrading through a large-scale program of arms procurement (see below), both Saudi Arabia and its five smaller Gulf neighbors remain vulnerable to future external aggression. On one hand, both the Iranian and Iraqi armed forces suffered major personnel and equipment losses during the 1980-1988 Iran-Iraq war and Operation Desert Storm, respectively, and neither is in a position to offer an immediate threat to the Gulf Cooperation Council (GCC). On the other hand, the combined forces of Saudi Arabia and its GCC allies are outnumbered in important categories by those of Iran and Iraq (before its recent defeat in Operation Iraqi Freedom).

Congressional Interest in Saudi Arabia

In early 2000, the precipitate rise in international oil prices prompted several legislative initiatives designed to restrain oil price increases, as mentioned above. On March 22, 2000, by a vote of 382 to 38 (with one present and 30 abstentions, Roll Call 65), the House passed H.R. 3822, which would have required the President, *inter alia*, to determine which oil producing nations are engaged in oil price fixing to the detriment of the U.S. economy, submit reports to Congress, and "take the necessary steps to begin negotiations to achieve multilateral action to reduce, suspend, or terminate bilateral assistance and arms exports to major net oil exporters engaged in oil price fixing as part of a concerted diplomatic campaign with other major net oil importers..." In the 107th Congress, H.R. 334, the Persian Gulf Security Cost Sharing Act, introduced on January 31, 2001, would have directed the President to seek further contributions from Saudi Arabia and other Persian Gulf states to defray the costs of U.S. military deployments in the region. This bill did not come to the floor. Other U.S.-Saudi bilateral issues of interest to Congress in recent years include arms sales to Saudi Arabia, Arab-Israeli issues including the now somewhat attenuated Arab boycott of Israel, and Saudi trade practices, including disputes between U.S. companies and Saudi clients.